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ALASKA ECONOMIC TRENDS

laska Department of Labor Steve Cowper, Governor, State of Alaska

Population Growth and

Alaska Economic Trends

Steve Cowper, *Governor, State of Alaska*

Jim Sampson, *Commissioner, Department of Labor*

Chuck Caldwell, *Chief, Research and Analysis*
Edward Eboch, Ph.D., *Editor*

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Population Growth and Migration in Alaska

By Greg Williams

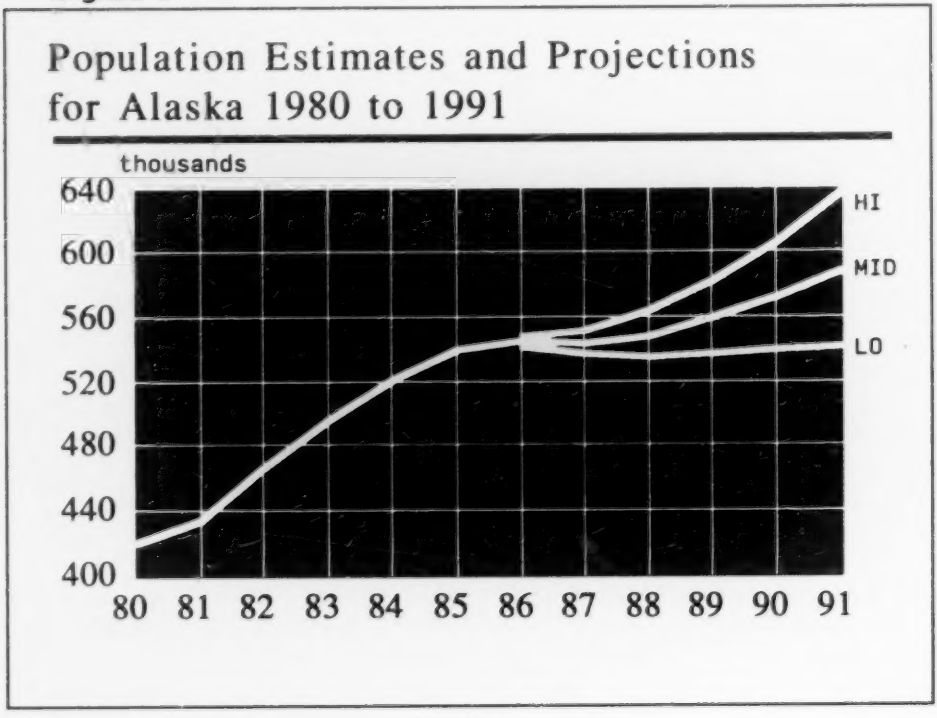
Population Trends

The first half of the 1980s has been among the most rapid periods of growth in Alaska's history. The population of Alaska in 1986 is 30% greater than in 1980 and almost four times what it was in 1950, just 36 years ago. Projections of the change in Alaska's population for the last half of the 1980s will be drastically different from that experienced in the first half of the decade (Figure 1).

While no official estimate exists yet for 1986, Alaska's population is projected to be between 542,200 and 548,600 for July 1, 1986. This represents a combination of two trends: a gain of between 10,500 and 10,600 persons through natural increase and a loss of between 1,500 and 8,000 persons through migration. A wide range between the high and low assumptions of net migration is assumed because of the uncertainty of the Alaska economy.

The growth of Alaska's population in the period from July 1986 to July 1987 should be similar to that for the post pipeline period of 1977-78.

Figure 1



A real loss of population is projected in 1986-87 from 1985-86. For July 1, 1987, the population is projected to be between 537,100 and 548,600. Again, Alaska should gain 10,200-10,700 persons through natural increase and loose between 7,800 and 15,200 persons through migration. The best estimate is a migration loss of about 12,000 by July 1987. Population projections from 1986 through 1991 are shown in Table 2.

U.S. Census Bureau estimates show slightly less growth than our estimates in the 1980-1985 period because the U.S. Census Bureau does not attempt to adjust for what we estimate was a 3.6% census error in Alaska in 1980. Even by Census Bureau standards, however, Matanuska-Susitna Borough was the fastest growing county in America during that period. The Kenai Peninsula Borough ranked number 4 and Kodiak number 15.

The population estimate for the United States on July 1, 1985 was 238,740,000. The Department of Labor estimates Alaska's population on July 1, 1985 was 539,600 or .23% of the U.S. population. At this population, Alaska would rank 49th among the 50 states and the District of Columbia. Alaska's population would exceed that of Vermont and Wyoming.

Components of Population Change

There are two ways in which the population of an area changes: natural increase and net migration (Figure 2).

Natural Increase

Natural increase is a function of births and deaths in a population. It is the relatively stable component of population change and a very important element which can be counted on in the growth of Alaska's population. Natural increase produces growth in the state's population equal to approximately 2% every year.

Alaskan births are currently equivalent to about 2.4% of the population and deaths are equivalent to .39% of the population. The net growth, as a result of natural increase, is 2.04% per year. No matter what happens to the migration to and from Alaska during the remainder of the 1980s, Alaska will add between 9,000 and 11,000 persons to its population each year through natural increase. Between July 1, 1984 and July 1, 1985, 12,667 persons were born in Alaska and 2,024 persons died, for a net natural increase of 10,653 persons.

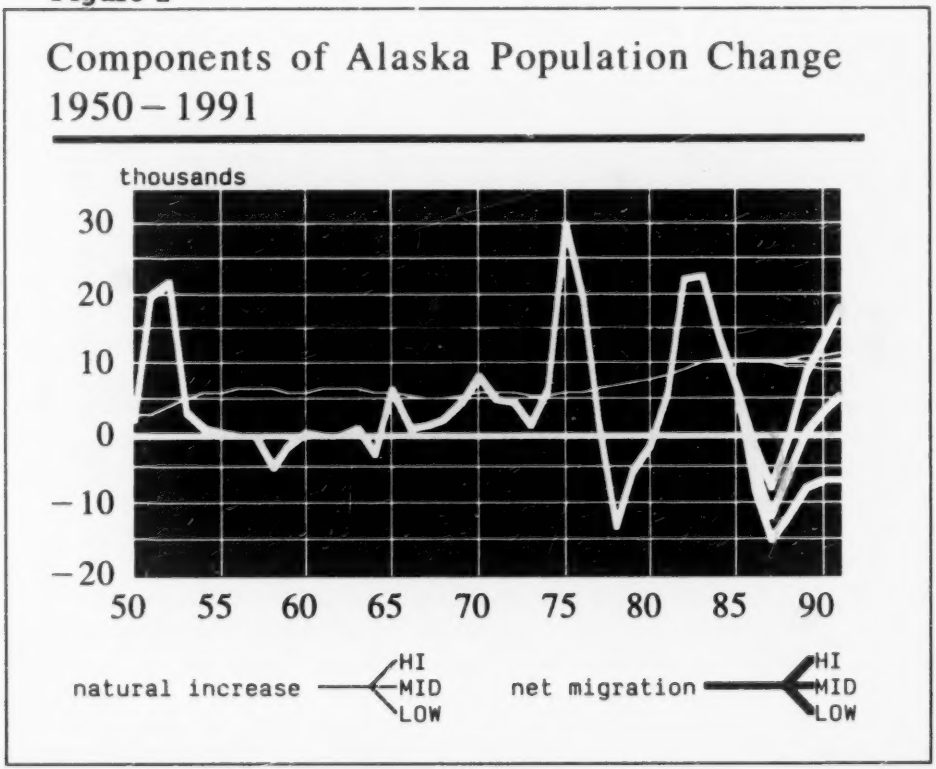
The Alaska Department of Labor has recently completed a set of unabridged life tables which show life expectancy by year by age, race and sex for 1977-83 (Table 1). Life expectancy in Alaska at birth in 1980 was as follows: white males, 69.8 years; white females, 77.5 years; Na-

tive males, 61.3 years; Native females, 71.3 years.

In comparison, life expectancy for the U.S. in 1980 was: white males, 70.7 years; white females, 78.1 years; other race males, 65.3 years; other race females, 73.6 years. Nationwide life expectancy has increased between 1970 and 80 by about 2.7 years for whites and about 4.2 years for other races. Life expectancy for Alaska Native males is less than that of Alaska white males by 8.5 years and life expectancy for Alaska Native females is less than their white counterparts by 6.2 years.

Alaska currently has the highest birth rate in America. While current fertility fluctuates depending on a variety of social and economic factors, the general trend in births does not generally change pace or direction rapidly. In 1985, the Total Fertility Rate for Alaska was 2.42 compared to 1.87 for the U.S. as a whole. This rate controls for differences in the age structure of the two populations and can be interpreted as the average number of children a woman of childbearing age would have if she were to continue to bear children at the same rate as women in these ages are currently bearing children. A completed fertility of 2.1 is considered to be replacement or zero population growth.

Figure 2



The amount of growth of the population due to natural increase also means that the *net balance* of migration would have to decline by 9,000-11,000 per year for Alaska to lose population. Historically, this has happened in only one year (1977-78) since 1949. It will probably happen again in 1986-87 and possibly 1987-88 depending on the condition of Alaska's economy. The trend in the individual components of natural increase are also of interest.

Migration

Migration is the volatile component in Alaska's population fluctuations, often changing dramatically from one year to the next. The most common migration statistic reported is "net" migration. Until the last couple of years net migration information was all that was available and net migration was used in almost all population models. This information was frequently derived as a residual population change between censuses after births and deaths were accounted for.

The latest models use data on "gross" migration. This allows the independent analysis of migration into Alaska as well as analysis of migration out of the state. Generally, gross migration flows are substantially higher than net flows. If 10,000 persons move into an area and 8,000 persons move out of an area the net balance is 2,000 persons but the gross movement of persons is 18,000.

Some businesses such as real estate that benefit from the turnover of property are more interested in the total turnover of persons than the net gain or loss. Other businesses, such as personal services, judge only the net increase or decrease in persons as reflective of changes in demand for their business. The overall growth or decline of population however depends on the net balance of population rather than the gross movement.

Alaska is a state with a high gross migration. A large number of persons normally move to Alaska or from Alaska in any given year. For example between 1984 and 1985, it is estimated that some 48,600 persons moved to Alaska from outside the state. At the same time some 41,700 persons left Alaska. The net balance of migration was 6,900.

Trends in the net balance of migration can be as a result of a change in either in-migration or out-migration. Trends in in-migration to Alaska in the 1980s show a downturn from about 60,100 in 1981-82 to about 48,600 in 1984-85. Migration from Alaska, on the other hand, has been relatively less volatile so far in the 1980s, increasing from a low of about 36,000 in 1982-83 to a high of about 41,700 in 1984-85.

While the level of out-migration has increased, the recent slowdown in growth is not so much a matter of people leaving the state at an

increasing rate as it is a slowdown in the number of persons moving to Alaska from the rest of the nation. This makes it appear that more persons are leaving, because those who would normally leave are no longer being replaced as rapidly as in the past.

While the exact proportion is not known, military and military dependents probably account for less than 20% of the gross migration to and from the state. In some census areas military migration accounts for substantially more of the migration.

The levels of in-migration and out-migration chosen in the current series of population projections represent a combination of recent trends in migration to and from the state, as well as an evaluation of historic levels of in-migration and out-migration consistent with a range of economic conditions. The end result is three series of net migration, shown in Table 2, which approximate the range of economic conditions which may potentially occur during the next five years in Alaska.

The middle level migration scenario assumes a slight rise in migration from Alaska in 1985-86 and a continued decline in migration to Alaska (begun in 1982) through the 1986-87 period. This decline is followed by a gradual return to migration levels comparable to those experienced during 1981 and 1985 when there was an average annual rate of growth in the population of about 3.3%.

While this projection would show a net loss of migrants in 1985-86, 1986-87, and 1987-88, only in 1986-87 would the loss be substantial enough to outstrip natural increase and produce a decline in the state's population.

This scenario represents a "bust" followed by a return to conditions similar to those which occurred from the late 1960s and early 1970s, prior to pipeline construction.

The low series assumes that the current trends in migration to and from the state continue into 1987 and that a period of economic hardship continues through 1991, producing a continued net loss of migrants through the entire projection period. While this is a possibility it seems unlikely that the current downturn would continue for that period of time.

The impact of the worse case would be to hold the state's population at approximately its current level through 1991. In its extreme, this represents a long term "bust" scenario. There is no example of this extreme a net loss of migrants in Alaska since World War II, and it seems unlikely that this extreme will be met or exceeded during the next five years.

The high series assumes an optimistic case. It assumes the current trend in migration through 1987 followed by a more rapid recovery by 1989, and a return to positive economic conditions by 1990-91 achieved through a return of oil or a combination of other sectors to levels seen in about 1984.

This case represents a short term bust followed by a return to moderate "boom" conditions. The conditions needed for this scenario assume that the decline in the price of oil is a temporary phenomena and/or that another major project or combination of state, national, or international economic conditions will cause a return to moderate economic growth in the state.

A wide range between the high and low assumptions of net migration is assumed, given the uncertainty as to the future course of the state's economy. These assumptions have been chosen in part because of the wide range of possible outcomes in the near term, and in part to show what the demographic impact of these extremes would be for planning purposes. It is unlikely that conditions will be better or worse than the extremes set forth here.

As shown in Table 2, major increases due to migration have occurred in three periods. The first was in 1951-1952, the second was in 1975-76 and the third was in 1982-1984. (There was a minor period of moderate in-migration in about 1970.) Historically, there were net losses of migrants in 1978-80, 1956-59 and 1964.

In only 10 of the last 36 years has the average annual rate of growth been over 4%. During 17 of the last 36 years, the average annual rate of increase has been under 3%. Thus the current slowdown in growth is not at all out of character with the post World War II period.

It should be remembered that the larger the population, the less impact a given "boom" or "bust" has upon it. It is worth noting that the average annual rate of change in the population of the U.S., as a whole, has been under 2% since 1950, and under 1% since 1980, and the decline in the rate of growth is projected to continue.

Projected Growth

In the middle series, Alaska's population would increase from 539,600 persons in 1985 to 588,300 in 1991 (Figure 1 and Table 2). Most of this growth would occur after 1989. During the 1986-1988 period, population growth in the middle series would be less rapid than it has been in the past (under 1% per year with a small loss in 1987). The U.S. rate of growth during the 1980s has been, and is projected to be, about 0.92 percent per year.

In the low series, population would decline from a high of 542,200 in 1986 to low of 535,000 in 1988, and increase again to 541,800 by 1991. In the high series, the population would reach 563,100 by 1988 and then increase to 636,700 by 1991. Even in the high series, however, the average annual rate of growth does not reach 5% by 1991.

A more detailed discussion of Alaska population trends, migration and the population of census areas and places is available in *Alaska Population Projections* and *Alaska Population Overview* currently available from the Alaska Department of Labor. If you are currently on our mailing list the publication will automatically be sent to you. If you are not on our mail list and would like to be, or if you wish to receive a copy of these reports, contact: Research and Analysis Section, Alaska Department of Labor, P.O. Box 25501, Juneau, AK 99802-5501, or phone (907) 465-4500.

Table 1
Life Expectancy at Birth
by Race and Sex
Alaska and the United States
1970-80

Life Expectancy at Birth (Years)	Total			White			Alaska Natives (U.S. Other Races)		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Alaska									
1970	69.3	66.1	74.0	n/a	n/a	n/a	n/a	n/a	n/a
1980	72.1	68.8	76.5	73.1	69.8	77.5	65.7	61.3	71.3
United States									
1970	70.9	67.1	74.8	71.7	68.0	75.6	65.3	61.1	69.4
1980	73.7	70.0	77.5	74.4	70.7	78.1	69.5	65.3	73.6

Source: *Alaska Life Tables for 1977-83*, Demographic Report No. 1, Alaska Department of Labor, Research and Analysis,1986.

Alaska

By Edward Eboch

Price Changes in Alaska

While there is no statewide measurement of the rate of inflation in Alaska, the U.S. Department of Labor measures price changes in Anchorage. The Anchorage consumer price indexes (CPI) are used by many communities, private companies, and public agencies around the state to adjust contracts, social benefits, and other agreements. Using the Anchorage CPI to make these adjustments assumes that prices in all communities increase at the same rate as Anchorage prices.

During the early 1980s, the number of businesses increased rapidly and residential and commercial space expanded in response to increased demand and expectations of continued expansion. The result was a rapid increase in Anchorage prices. All that changed with the drop in the world price of oil at the end of 1985. As oil prices declined, the oil companies cut back employment and other expenditures. With less oil related revenue available to the state, cutback in state expenditures quickly followed.

The decline in economic activity was quick to impact prices, especially real estate. The drop in the price of oil was also translated into a drop in fuel prices. As a result, beginning in March 1986, the Anchorage CPI began to drop and is just now at last years level. The November 1986 Urban Wage Earner and Clerical Workers index of price changes (CPI-W) indicates a decline in prices while the all Urban Consumer index of price changes (CPI-U) indicates only a modest increase in prices in Anchorage since November 1985 (Table 1). The increase in the 1986 Annual Average CPI (the average of the bimonthly indexes in 1986) from the 1985 Annual Average CPI is modest.

Although the current changes in prices as measured by the Anchorage CPI may be reasonably accurate, it may be a mistake to use this index to measure price changes from 1980. While the drop in real estate prices are now being measured in the Anchorage CPI, the CPI did not accurately account for the price increase in the housing component from 1980 to 1983. Because of difficulties in measuring the impact the Alaska Housing Finance Corporation had on housing costs, AHFC financed housing or loans were excluded from the BLS survey. Housing data from similar sized cities in the Western Region of the U.S. were substituted when the Anchorage sample was inadequate.

During this period, rent and real estate were increasing dramatically in price in Anchorage while most Western states had no increase or modest increases in housing costs. The housing component was typically 40+% of the Anchorage CPI during this period. The effect of this substitution was to most likely understate the increase in the Anchorage CPI from 1980 to 1983. (For a detailed discussion of price indexes, see *Alaska Cost and Income Measures* published by the Alaska Department of Labor, Research and Analysis.)

While Juneau and Fairbanks may have experienced similar movements in prices as Anchorage, especially regarding housing prices, it is doubtful that other communities in the state previously had, or are now having the same experience as Anchorage—little or no price change. Even in Anchorage, Juneau, and Fairbanks, the change or lack of change in prices, depending on the item, will affect individuals and firms differently.

Impacts on Communities

Not all communities expanded at the rate of Anchorage during Alaska's economic boom. Those Southwest and Gulf Coast communities dependent on the fisheries industry had some disappointing years during the period that Anchorage and other areas of Alaska were enjoying the oil related boom. Beginning in 1983 the shell fish industry declined, negatively impacting many Southwest and Gulf Coast communities. Since the fishing industry is important to these communities' economies, its decline discouraged over expansion just as state government was beginning to increase spending and expanding employment in these communities.

A similar experience was affecting many of the Southeast communities. Disappointing timber harvests discouraged expansion in many communities, even as state funds to the communities and state employment in these communities were on the rise.

Many communities in Alaska missed the economic boom that was enjoyed by much of Alaska, but are now enjoying relatively prosperous times. The fishing industry enjoyed perhaps its best two years in 1985 and 1986. At the same time, the forest products industry was recovering from depressed employment. As a result, prices in communities dependent on forestry and fishing did not follow Anchorage prices then and are unlikely to follow Anchorage prices now.

Impacts on Individuals

The lack of change in the Anchorage CPI is largely explained by the increase in other prices which were offset by the decline in the hous-

ing segment of the CPI since January 1985. Those individuals who own their housing have experienced a real increase in their cost of goods and services.

When adjustments are made to the Anchorage CPI to exclude the housing component, the increase in prices since January 1985 of the remaining items are over twice that reported by the index (Table 2). Not everyone has enjoyed the moderation of prices equally.

For those individuals or families who purchased a house before 1985, and have a fixed house payment, prices of goods they must purchase including their house payments, have not declined or held steady this past year but have increased. With many AHFC loans requiring an increased payment schedule, house payments have increased. Worse yet, these families probably feel poorer than they did only several months ago because much of their savings in the form of equity in their home has been lost as house prices decline.

The same situation may also hold true for many investors with a fixed payment on their commercial or residential rental unit. With property payments fixed and other costs rising at twice the Anchorage CPI rate their profits become squeezed. Rent payment increases based on the CPI are unlikely to reflect the increase in their costs.

Conclusion

Perhaps the only bright spot in Alaska's current recession, is the current trend in prices. To the extent that stable prices are a result of greater competition, this change is beneficial, especially in the long term. As can be seen from the third quarter 1986 Inter-City Cost of Living Index (Table 3) costs make Alaska less competitive as a place to locate a business. The reduction in costs should improve the competitive position of Alaska as a place to do business in the future.

For communities, especially smaller communities, around the state it is preferable that the national CPI be used in adjusting for price changes. While a case can be made for using the Anchorage CPI in Anchorage, and perhaps Juneau and Fairbanks, even here it would only apply to those people who are renting or currently purchasing a house.

According to the Bureau of Labor Statistics the national index is preferred over any local index when it comes to use in escalator agreements. In addition, the most accurate measurement of price changes is the change in an annual index, especially for local areas. Local area indexes are based on smaller samples and are therefore

subject to more sampling and other measurement error than the national index.

The combination of sampling error, price changes occurring at different rates and times, and the past housing measurement problems suggest that the national CPI is a better measurement for escalator clauses for nearly all communities in Alaska and for most individual situations.

Current Events

Employment losses remained at 5% below last year in December. After a quick decline in employment over the summer we now seem to be tracking last year's seasonal employment swings but at this 5% loss. While the early losses were in construction and construction related employment, the more recent declines have been in oil and government sectors and the secondary industries.

The unemployment rate has leveled off at 11.0% as the work force has declined with the loss in employment. This suggest that as people lose their jobs that more than the usual number are choosing to leave Alaska to where job prospects are better. With additional cuts in state expenditures expected and the oil companies continuing to prune their work force and reduce oil field development, one can expect employment to continue its year-to-year slide.

Table 1
Anchorage
Consumer Price Index

	All Urban Consumer	Percent Change Previous Year	Urban Wage Earner & Clerical Worker	Percent Change Previous Year
November 1985	286.9	3.4	280.1	3.4
January 1986	287.1	3.2	280.2	3.1
March 1986	291.2	4.0	284.4	4.1
May 1986	288.9	3.6	281.8	3.6
July 1986	284.1	0.4	276.9	0.3
September 1986	286.2	0.6	277.9	0.2
November 1986	287.8	0.3	279.7	-0.1
Annual Average				
1985	282.3		275.4	
1986/1	287.6	1.9	280.2	1.7

Source: U.S. Department of Labor, Bureau of Labor Statistics.

/1 Preliminary estimate

Table 2
Anchorage
Consumer Price Indexes

All Urban Consumer

	Relative Importance	September 1986	January 1985	Percent Change
All Items	100.00	286.20	278.30	2.84
Food & Beverages	18.57	325.80	303.10	7.49
Housing	40.25	264.60	272.00	-2.72
Apparel & Upkeep	5.19	219.10	199.30	9.93
Transportation	21.15	287.00	292.90	-2.01
Medical Care	5.08	498.80	386.30	29.12
Entertainment	4.94	295.50	274.50	7.65
Other Goods & Services	4.84	318.80	273.10	16.73

Urban Wage Earners & Clerical Workers

	Relative Importance	September 1986	January 1985	Percent Change
All Items	100.00	277.90	271.70	2.28
Food & Beverages	19.57	324.10	301.40	7.53
Housing	38.36	253.50	259.70	-2.39
Apparel & Upkeep	4.89	214.00	198.90	7.59
Transportation	23.37	285.60	294.40	-2.99
Medical Care	4.52	464.80	373.80	24.34
Entertainment	4.64	270.40	250.70	7.86
Other Goods & Services	4.64	321.40	278.40	15.45

Source: CPI Detailed Report, U.S. Department of Labor, Bureau of Labor Statistics.

1/ Relative importance of Components in the Consumer Price Index, 1985, U.S. Department of Labor, Bureau of Labor Statistics, Bulletin 2261, April 1986

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 12/86	r/ 11/86	12/85	Changes From: 11/86	12/85
Nonag. Wage & Salary	213000	217600	224500	-4600	-11500
Mining	7600	7800	9100	-200	-1500
Construction	11200	13500	14900	-2300	-3700
Manufacturing	8700	9300	8000	-600	700
Food & Kindred Prod.	3100	3400	2800	-300	300
Lumber & Paper Prod	2500	2700	1800	-200	700
All Other Mfg.	3100	3200	3400	-100	-300
Trans. Comm. & Utilities	17900	18300	18300	-400	-400
Trucking & Whseing.	2100	2100	2100	0	0
Water Transportation	1000	1200	1200	-200	-200
Air Transportation	5800	5900	5900	-100	-100
Other Trans. Comm. & Utilities	9000	9100	9100	-100	-100
Trade	44000	43800	47000	200	-3000
Wholesale	7600	7700	8500	-100	-900
Retail	36400	36100	38500	300	-2100
Gen. Mer. & Apparel	5700	5600	6000	100	-300
Food Stores	6100	6200	6300	-100	-200
Eating & Drinking Pl	12800	12800	13600	0	-800
Other Retail Trade	11800	11500	12600	300	-800
Finance-Ins. & R.E.	12600	12700	12700	-100	-100
Services & Misc.	43000	43300	45000	-300	-2000
Government	68000	68900	69500	-900	-1500
Federal	18700	18600	17900	100	800
State	19000	19600	20100	-600	-1100
Local	30300	30700	31500	-400	-1200

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

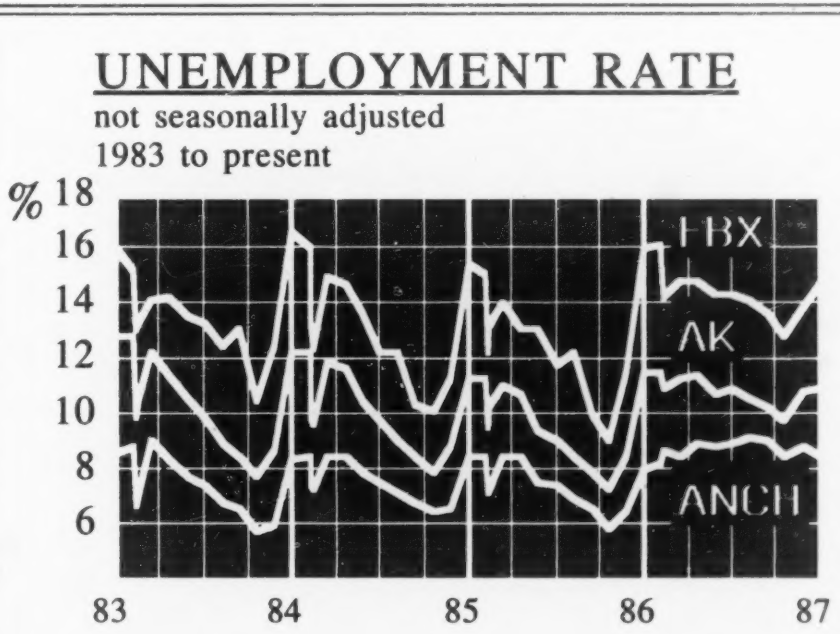
p/ Denotes preliminary estimates.
r/ Denotes revised estimates.

Table 3
Inter-City Cost of Living Index /1
Third Quarter 1986
All-Items & Selected Indexes

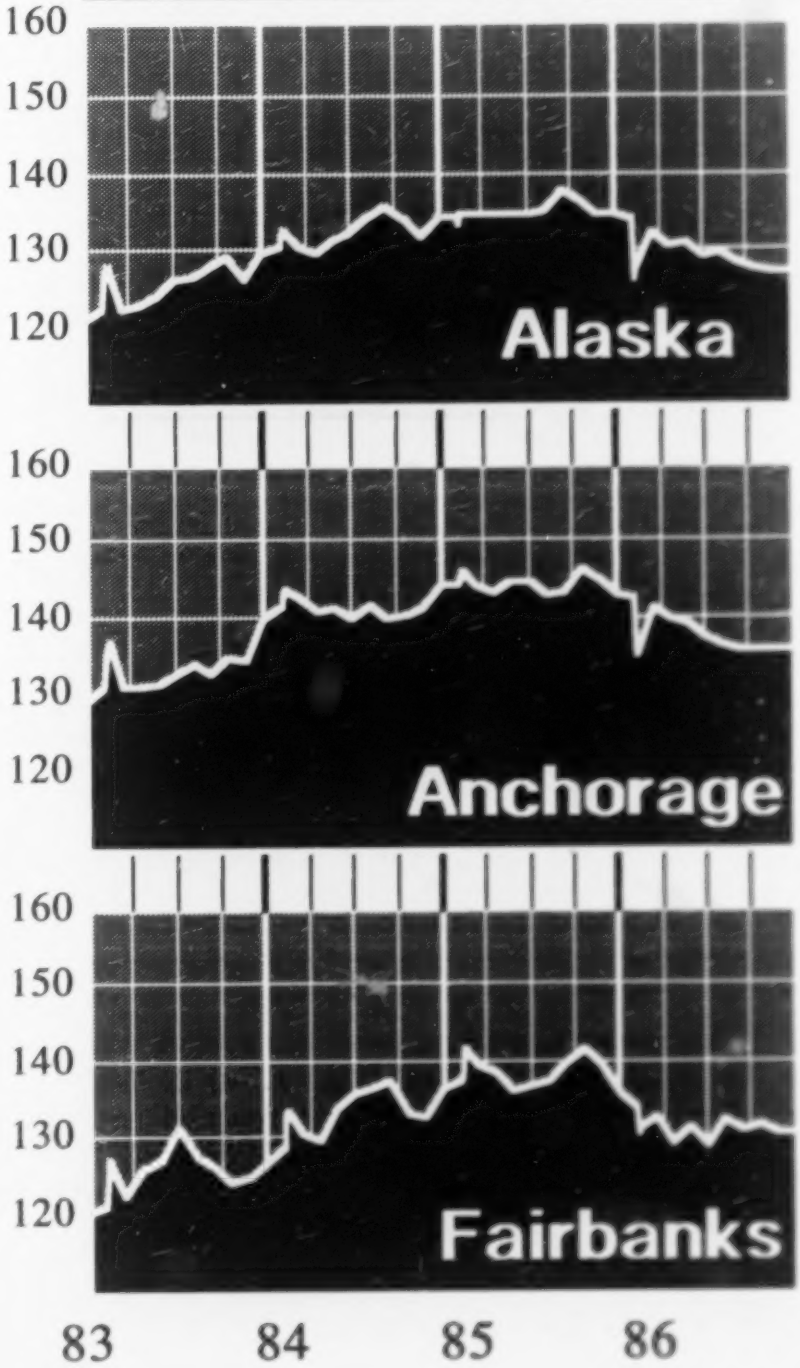
City and State	All-Items Index	Grocery Items	Housing	Utilities
Anchorage AK	139.4	129.3	160.8	100.4
Fairbanks AK	141.7	128.3	130.3	158.3
Juneau AK	144.9	130.8	164.3	138.9
Los Angeles CA	115.3	101.1	159.0	64.3
Denver CO	101.1	97.3	117.4	77.6
Portland OR	108.7	109.2	109.9	77.1
Seattle WA	105.2	107.8	106.4	51.7
All City Average	100.0	100.0	100.0	100.0

Source: Inter-City Cost of Living Index, Third Quarter 1986, American Chamber of Commerce Research Association.

1/ The ACCRA index compares a limited number of items between communities and should not be confused as a consumer price index. For a detailed discussion about this index see *Alaska Cost and Income Measures*, Alaska Department of Labor, Research and Analysis or contact participating chamber offices. ACCRA report information is available from participating chamber offices, including the Anchorage Chamber which began ACCRA research in 1984, the first in Alaska.



COMPOSITE NONAG. EMPLOYMENT INDEXES



SEASONALLY ADJUSTED 1983 TO PRESENT

source: ak. dept. of labor

Table 2
Annual Components of Population Growth for Alaska
1950-91

Year	July 1 Population			Average Annual Rate of Increase			Population Change			Natural Increase			Net Migration		
	Low	Middle	High	Low	Middle	High	Low	Middle	High	Low	Middle	High	Low	Middle	High
1949		132,600													
1950		137,100			3.34			4,500			2,400			2,100	
1951		160,000			15.42			22,900			2,800			20,100	
1952		185,500			14.76			25,500			3,820			21,680	
1953		193,800			4.38			8,300			4,990			3,310	
1954		200,100			3.20			6,300			5,670			630	
1955		206,500			3.15			6,400			5,990			410	
1956		212,400			2.82			5,900			6,260			-360	
1957		218,600			2.88			6,200			6,490			-290	
1958		220,100			0.68			1,500			6,250			-4,750	
1959		224,000			1.76			3,900			5,660			-1,760	
1960		230,400			2.82			6,400			6,040			360	
1961		236,700			2.70			6,300			6,260			40	
1962		242,800			2.54			6,100			6,320			-220	
1963		249,900			2.88			7,100			6,350			750	
1964		253,200			1.31			3,300			6,100			-2,800	
1965		265,200			4.63			12,000			5,780			6,220	
1966		271,500			2.35			6,300			5,490			810	

1967		277,900			2.33			6,400			5,110			1,290	
1968		284,900			2.49			7,000			5,033			1,967	
1969		294,600			3.35			9,700			5,340			4,360	
1970		308,500			4.61			13,900			5,860			8,040	
1971		319,600			3.53			11,100			5,990			5,110	
1972		329,800			3.14			10,200			5,665			4,535	
1973		336,400			1.98			6,600			5,310			1,290	
1974		348,100			3.42			11,700			5,365			6,335	
1975		384,100			9.83			36,000			5,765			30,235	
1976		409,800			6.47			25,700			6,122			19,578	
1977		418,000			1.98			8,200			6,532			1,668	
1978		411,600			-1.54			-6,400			6,956			-13,356	
1979		413,700			0.51			2,100			7,334			-5,234	
1980		419,800			1.46			6,100			7,664			-1,564	
1981		433,800			3.28			14,000			8,088			5,912	
1982		465,200			6.99			31,400			9,026			22,374	
1983		497,600			6.73			32,400			9,876			22,524	
1984		522,000			4.79			24,400			10,376			14,024	
1985		539,600			3.32			17,600			10,653			6,947	
1986	542,151	545,200	548,562	0.47	1.03	1.65	2,551	5,600	8,962	10,589	10,528	10,466	-8,038	-4,928	-1,504
1987	537,080	543,903	551,506	-0.94	-0.24	0.54	-5,071	-1,297	2,944	10,253	10,502	10,605	-15,324	-11,799	-7,661
1988	534,940	548,497	563,068	-0.40	0.84	2.07	-2,140	4,594	11,562	9,754	10,330	10,707	-11,894	-5,736	855
1989	536,848	559,077	582,546	0.36	1.91	3.40	1,908	10,580	19,478	9,458	10,263	10,882	-7,550	317	8,596
1990	539,375	572,346	607,030	0.47	2.35	4.12	2,527	13,269	24,484	9,182	10,156	11,212	-6,655	3113	13,272
1991	541,754	588,315	636,683	0.44	2.75	4.77	2,379	15,969	29,653	8,974	10,425	11,645	-6,595	5544	18,008

Alaska Department of Labor, Research & Analysis, 1986

Anchorage/MatSu

By Greg Huff

Current Trends

Anchorage nonagricultural wage and salary employment continued to deteriorate in December. The number of jobs declined by 6,550 since December 1985, a 5.7% drop, the largest percent decline of any month during 1986. Employment declines in 1986 started with decreases in construction and construction related activities, followed by declines in oil and gas industry related employment, and state and local government employment.

As these industries deteriorated, layoffs increased in the support sector. In December, for the first time in 1986, over-the-year declines in trade industry employment surpassed the employment losses in the construction industry, something likely to continue into 1987. Retail merchants hired some additional help during the 1986 Christmas buying season, but not nearly at the levels of 1985.

How Far Can Employment Fall

The key factor to how far Anchorage employment levels will fall in 1987 is the status of state revenues. During the 1980 to 1985 period state expenditures generated more jobs than any other single factor in the Anchorage economy.[1] In turn, oil prices are the primary factor in determining state revenues.

Since 1980 oil has accounted for 83% to 90% of total state revenues. Figure 1 illustrates the close relationship between oil prices and state revenues, while Figure 2 illustrates the relationship between the change in Anchorage employment levels and the magnitude of state revenues and expenditures.[2]

Notice that as state revenues increased, the Anchorage employment growth rate also increased, but by 1983 declining revenue was followed by a declining employment growth rate and by 1986 employment ceased to expand and began to decline. The decline was slow at first, but it gained momentum as 1986 proceeded. Oil prices fell rapidly from November of 1985 until July 1986 and rose only moderately thereafter (Figure 3).

State revenue projections published by the Department of Revenue in January 1987 show revenues falling from 3.08 billion for Fiscal Year 1986 to 1.4 billion in Fiscal Year 1987 and 1.33 billion in 1988 (nominal dollars). Not since 1979 have state revenues been smaller. In real terms

Labor Force By Reg

	Labor Force			Uner	
	P/ 12/86	R/ 11/86	12/85	P/ 12/86	11
Alaska Statewide	244401	246282	247995	26982	27
Anch-MatSu Region	132437	132809	136518	12362	12
Anchorage Borough	116065	116433	118616	9864	10
MatSu Borough	16372	15376	16902	2498	2
Gulf Coast Region	25535	26156	25971	3910	4
Kenai Peninsula Bor	16216	16794	15375	2840	3
Kodiak Island Bor	5695	5762	5955	469	
Valdez-Cordova	3634	3600	3641	601	
Interior Region	37511	38032	37221	5424	5
Fairbanks North Star Bor	30518	30872	30213	4507	4
Southeast Fairbanks	2998	3035	2958	371	
Yukon-Koyukuk	4095	4125	4050	546	
Northern Region	7501	7762	8032	801	
Kobuk	2371	2490	2495	274	
Nome	3179	3241	3350	383	
North Slope Borough	1951	2031	2187	144	
Southeast Region	31299	31307	31251	3627	
Haines Borough	997	986	1000	134	
Juneau Borough	12082	12237	12145	1137	
Ketchikan Gateway Bor	6619	6683	6646	727	
Pr of Wales-Outer Ktn	2407	2391	2351	397	
Sitka Borough	3774	3777	3826	348	
Skagway-Yakutat-Angoon	1978	1875	1865	368	
Wrangell-Petersburg	3442	3359	3418	516	
Southwest Region	10018	10216	10002	858	
Aleutian Islands	2365	2419	2316	126	
Bethel	3915	4028	3969	362	
Bristol Bay Borough	401	407	389	45	
Dillingham	1745	1768	1719	166	
Wade Hampton	1592	1594	1609	159	

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data formulas used to allocate federal funds. Comparisons between diffe by the Alaska Department of Labor because Alaska's CPS samp The sampling errors are random in nature, meaning that the unemp as they are low. The official definitions of unemployment, current the four week period up to and including the week that includes th ties have proportionately more of these discouraged workers.

n and Census Area

ployment R/ 86	12/85	P/ 12/86	Rate R/ 11/86	12/85	Employment P/ 12/86	R/ 11/86	12/85
38	25228	11.0	11.0	10.2	217419	219244	222767
29	11254	9.3	9.5	8.3	120075	120180	124264
40	8710	8.5	8.7	7.3	106201	106293	109906
89	2544	15.3	15.2	15.1	13874	13887	14358
31	3750	15.3	15.8	14.4	21625	22025	22221
71	2631	17.5	18.9	16.1	13376	13623	13744
50	596	8.2	7.8	10.0	5216	5312	5359
10	523	16.5	14.2	14.4	3033	3090	3118
07	4771	14.4	14.0	12.8	32187	32725	32450
27	3990	14.8	14.3	13.2	26011	26445	26223
64	309	12.4	12.0	10.4	2627	2671	2649
16	472	13.3	12.5	11.7	3549	3609	3578
26	803	10.7	10.6	10.0	6700	6936	7229
20	233	11.6	12.9	9.3	2097	2170	2262
45	332	12.0	10.6	9.9	2796	2896	3018
61	238	7.4	7.9	10.9	1807	1870	1949
58	3764	11.6	10.7	12.0	27672	27949	27487
14	143	13.4	11.6	14.3	863	872	857
83	1273	9.4	9.7	10.5	10945	11054	10872
31	794	11.0	10.9	11.9	5892	5951	5852
61	354	16.5	15.1	15.1	2010	2030	1997
17	423	9.2	8.4	11.1	3426	3460	3403
49	266	18.6	13.3	14.3	1610	1626	1599
03	511	15.0	12.0	15.0	2926	2956	2907
87	886	8.6	7.7	8.9	9160	9429	9116
15	88	5.3	4.8	3.8	2239	2304	2228
71	433	9.2	9.2	10.9	3553	3657	3536
41	35	11.2	10.1	9.0	356	366	354
42	147	9.5	8.0	8.6	1579	1626	1572
18	183	10.0	7.4	11.4	1433	1476	1426

djusted to be consistent with the Current Population Survey (CPS) in
ent time periods are not as meaningful as other time series published
size is inadequate to accurately indicate monthly changes in level
yment rates, in any given month, are as likely to be high as frequently
in place, exclude anyone who has made no attempt to find work in
welfth of each month. Most economists feel that Alaska's rural locali-

Figure 1

Alaska Wellhead Oil Prices and State Revenues (1986 dollars)

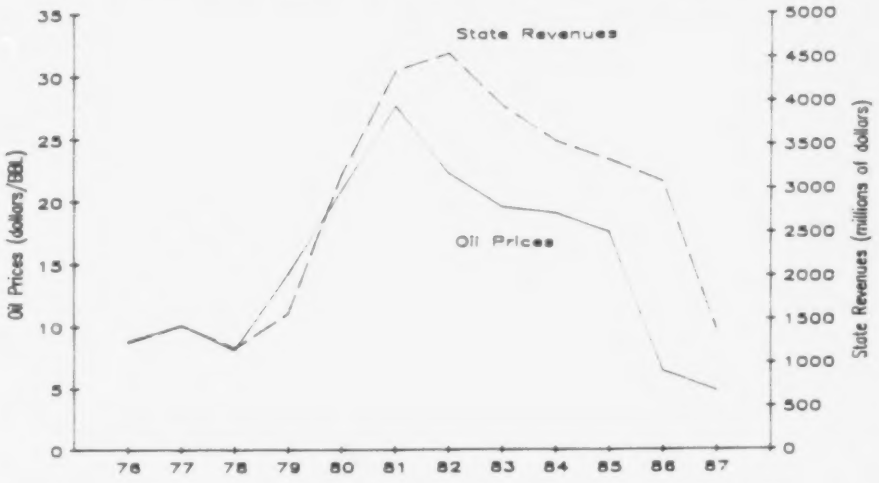


Figure 2

Change in Anchorage Employment and State Revenues (1986 dollars)

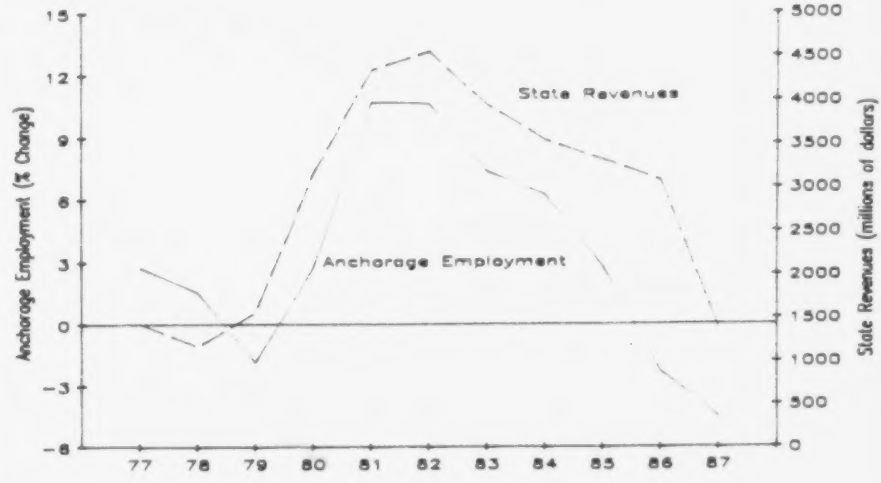
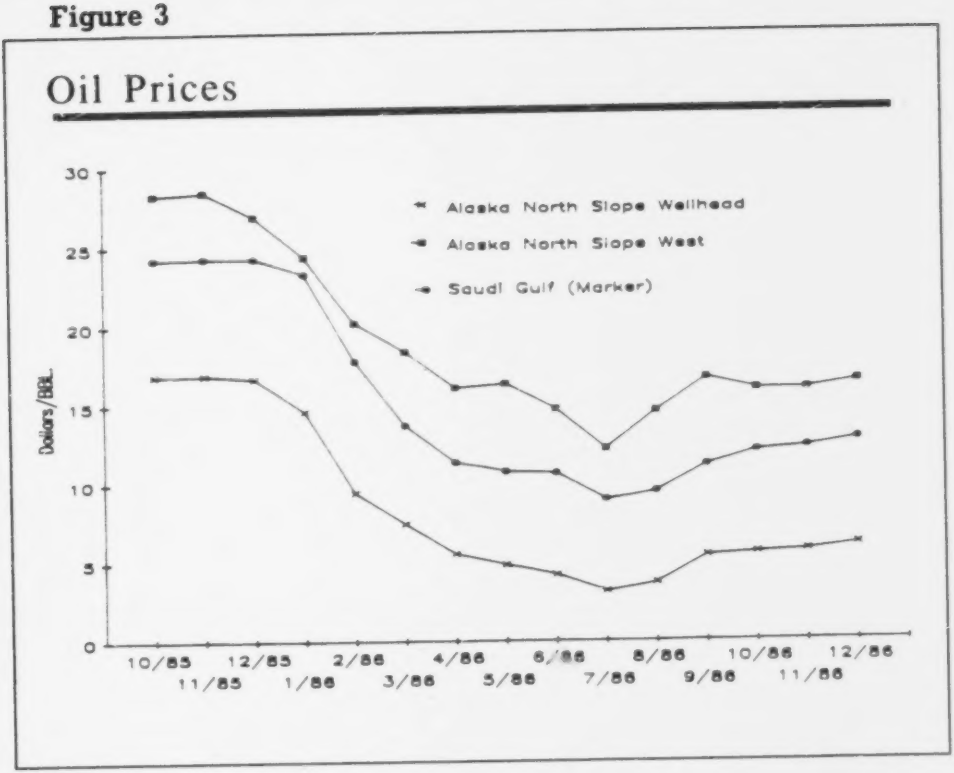


Figure 3



(1986 dollars) 1979 state revenues were 13% higher. What will these revenue figures mean to Anchorage employment levels?

The level of economic activity or employment that can be supported by the Fiscal Year 1987 or Fiscal Year 1988 current estimated revenues is no greater than during calendar year 1980. In Anchorage in 1980, state government employment was 5,000 and total employment averaged 80,000 for the year, while in 1986 Anchorage had 7,100 state employees and total employment was above 112,000. For employment to fall to 1980 levels a loss of over 32,000 jobs (a 29% decline) would have to occur.

If world oil prices stay above $19 a barrel the outlook for 1987 is more optimistic. Depending upon the level and mix of state spending, Anchorage may see the end of the economic slide in mid 1987. But then again July 1987 brings another fiscal year which could initiate another round of employment declines throughout the economy.

This decline may seem extreme, and there are reasons to believe that

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	p/ 12/86	r/ 11/86	12/85	Changes From: 11/86	12/85
Nonag. Wage & Salary	107750	109150	114300	-1400	-6550
Mining	3350	3450	4000	-100	-650
Construction	5750	6500	7300	-750	-1550
Manufacturing	2450	2550	2600	-100	-150
Food & Kindred Prod.	500	550	500	-50	0
Other Mfg.	1950	2000	2100	-50	-150
Trans. Comm. & Utilities	9600	10000	9650	-400	-50
Trucking & Whseing.	1200	1200	1200	0	0
Water Transportation	250	350	300	-100	-50
Air Transportation	3850	4000	3800	-150	50
Other Trans. Comm. & Utilities	4300	4450	4350	-150	-50
Trade	26950	27050	28950	-100	-2000
Wholesale	6050	6050	6500	0	-450
Retail	20900	21000	22450	-100	-1550
Gen. Merchandise	2100	2050	2250	50	-150
Food Stores	3150	3100	3300	50	-150
Eating & Drinking Pl.	8100	8350	8350	-250	-250
Other Retail Trade	7550	7500	8550	50	-1000
Finance-Ins. & R.E.	8200	8200	8550	0	-350
Services & Misc.	25100	25050	26400	50	-1300
Government	26350	26350	26850	0	-500
Federal	10050	10000	9850	50	200
State	7050	7150	7450	-100	-400
Local	9250	9200	9550	50	-300

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	p/ 12/86	r/ 11/86	12/85	Changes From: 11/86	12/85
Nonag. Wage & Salary	114950	116450	122300	-1500	-7350
Mining	3400	3450	4000	-50	-600
Construction	6150	7000	7950	-850	-1800
Manufacturing	2550	2600	2700	-50	-150
Trans. Comm. & Utilities	10350	10650	10350	-300	0
Trade	28800	28850	31000	-50	-2200
Finance-Ins. & R.E.	8700	8700	9050	0	-350
Services & Misc.	26250	26300	27750	-50	-1500
Government	28750	28900	29500	-150	-750

employment will not fall that much, particularly if the oil prices predicted by the Department of Revenue are low. Other basic industries would not disappear but would continue to stimulate the development of the economy. In addition, the infrastructure developed and the expansion and diversification of the support industries that took place between 1980 and 1986 would prevent contraction to the pre-1980 levels.[3] Also, revenue levels do not necessarily reflect state spending levels.

/1 *The Alaska Economy: Where We Are and How We Got There*, Institute of Social and Economic Research, Working Paper 85.8, October 1985.(Similar comparisons can be made for Anchorage as were made in this paper).

/2 Note that the state revenue figures are on the state fiscal year timetable while the oil price and employment data are based on the calendar year. Since the state fiscal year begins in July, there is actually a six month overlap of the oil price and employment figures and the state revenue figures. For example, employment levels beyond July 1986 were impacted by Fiscal Year 1987 revenues which began in July 1986.

/3 *The Impact of the Collapse of the World Oil Market on the Alaska Economy*, Institute of Social and Economic Research, Working Paper 86.8, October 1986.

Fairbanks/Interior

By Neal Fried

Wages Falling Faster Than Employment

In 1985 $844 million in wages and salaries were generated in the Fairbanks' economy--$330 million more than in 1980. Recently, wages and salaries fell as a result of the contraction of the economy. When jobs are lost there is usually a corresponding loss of wages in a community. In this case the loss in wages are greater than the loss in employment because the high wage industries are losing jobs faster than low paying industries.

Because wages may be dramatically different between industries, an equal loss of jobs in two different industries have very different impacts on the economy. It is for this reason that during a contraction in an economy it is not only important to look at the number of jobs being lost but also the kinds of jobs being lost. For example for every job lost in construction in Fairbanks there is a loss of approximately $45,600 in wages annually to the economy compared to approximately $18,400 for every job lost in retail trade (based on 1985 data).

In 1985 the construction industry's total payroll was $142 million compared to a trade industry payroll of $113 million, in spite of the fact that trade employment was almost twice as large as construction employment. The difference in wages can be attributed to three factors: 1) productivity of the industries, 2) use of part-time workers, and 3) use of semi-skilled or un-skilled labor.

Construction's larger payroll is partially offset because a large percentage of these wages leak out of Fairbanks' economy. According to the Alaska Department of Labor's study *Nonresidents Working in Alaska* in 1985, 18.4% of Fairbanks' construction wages were earned by nonresidents compared to 13.1% in trade in 1984. But even after adjustments are made for nonresident earnings, construction industry wages and salaries are more important than that of the trade industry. On a per capita job basis the difference remains substantial.

During the first 6 months of 1986 employment in Fairbanks fell 2.9% and wages fell 7%. Wages fell more rapidly than employment because the construction industry's employment nosedived in 1986. Employment in this industry fell 48% and wages 60%. Wages and employment also fell in the transportation, communication and utilities, and trade industries, but by much smaller amounts. By the end of 1986 other industries joined the wage losers in Fairbanks.

Fairbanks North Star Borough
Nonagricultural Employment and Payroll
First Half 1985 Compared to First Half 1986

	1985 6 Month Average Employment	1986 6 Month Average Employment
Total	28,013	27,211
Mining	166	183
Construction	2,670	1,392
Manufacturing	540	559
Trans. Comm. & Utilities	2,791	2,600
Trade	5,927	5,807
Wholesale	995	925
Retail	4,933	4,882
Finance-Ins. & R.E.	1,018	1,119
Services	5,397	5,769
Miscellaneous	139	133
Government	9,368	9,650
Federal	2,663	2,859
State	4,014	4,004
Local	2,692	2,788

The loss of wages will continue to ripple through the Fairbanks economy. Though construction employment will probably continue to fall in 1987, its declines will likely be proportionally smaller than most other industries. State and local government wages could potentially replace construction as the big wage loser. Presently it is unknown what losses state and local government might sustain in 1987, but given almost any scenario it appears the losses will be larger than in 1986. In 1985 the annual average wage in state government was $32,724 and $38,118 in local government.

The loss of wages to nonresident government employees is the smallest of all of the industries—6% and 7% respectively. Because their wages are above the average and leakages are small, a loss of jobs in these industries, like construction, will have a proportionally larger impact on Fairbanks' total wage picture than the average job would.

1985-1986 Percent Change	1985 6 Month Total Payroll	1986 6 Month Total Payroll	1985-1986 Percent Change
-2.9	406,441,463	377,787,555	-7.0
10.3	3,937,783	5,148,344	30.7
-47.9	62,605,317	24,929,931	-60.2
3.6	8,043,014	8,623,620	7.2
-6.8	56,666,587	54,316,400	-4.1
-2.0	52,975,985	51,403,182	-3.0
-7.0	13,892,345	12,813,030	-7.8
-1.0	39,083,640	38,590,152	-1.3
10.0	13,077,562	13,836,811	5.8
6.9	56,416,670	57,948,625	2.7
-4.7	1,225,949	1,025,668	-16.3
3.0	151,492,596	160,554,974	6.0
7.4	33,776,893	37,101,538	9.8
-0.2	63,916,585	68,047,236	6.5
3.6	53,799,127	55,406,200	3.0

Presently it is difficult to project whether wages will continue to fall faster than employment. It will depend on the mix of employment declines. The state budget will be a key element in what eventually happens in Fairbanks' wage picture.

Current Trends

Fairbanks' unemployment rate climbed from 13.3% in November to 14.8% in December. December's unemployment rate was 1.6 points above year-ago levels and the number of unemployed was 500 higher. More significant is the fact that Fairbanks' unemployment rate of 14.6 % was the highest recorded since 1978—a year that felt the fallout from the completion of construction of the oil pipeline. The 4,700 unemployed in 1986 set an all time record for Fairbanks. The year to come closest to this record was 1984, when the number of unemployed reached 4,029.

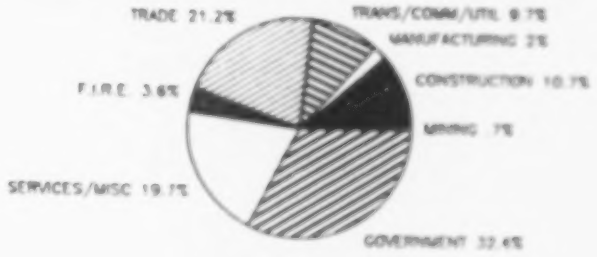
Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/ 12/86	r/ 11/86	12/85	Changes From: 11/86	12/85
Nonag. Wage & Salary	26600	27600	27950	-1000	-1350
Mining	150	150	150	0	0
Construction	1500	1900	2000	-400	-500
Manufacturing	550	600	550	-50	0
Trans. Comm. & Utilities	2600	2650	2700	-50	-100
Trucking & Whseing.	400	400	450	0	-50
Air Transportation	900	900	850	0	50
Other Trans. Comm. & Utilities	1300	1350	1400	-50	-100
Trade	5650	5850	6050	-200	-400
Wholesale	850	900	1000	-50	-150
Retail	4800	4950	5050	-150	-250
Gen. Mer. & Apparel	650	600	600	50	50
Food Stores	700	750	750	-50	-50
Other Retail Trade	3450	3600	3700	-150	-250
Finance-Ins. & R.E.	1050	1050	1050	0	0
Services & Misc	5600	5700	5700	-100	-100
Government	9500	9700	9750	-200	-250
Federal	2900	2850	2650	50	250
State	3850	4100	4200	-250	-350
Local	2750	2750	2900	0	-150

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/ 12/86	r/ 11/86	12/85	Changes From: 11/86	12/85
Nonag. Wage & Salary	30550	31450	31750	-900	-1200
Mining	300	300	300	0	0
Construction	1550	2000	2100	-450	-550
Manufacturing	600	600	550	0	50
Trans. Comm. & Utilities	2900	2900	3050	0	-150
Trade	6200	6300	6450	-100	-250
Finance-Ins. & R.E.	1100	1100	1100	0	0
Services & Misc.	5950	6100	5950	-150	0
Government	11950	12150	12250	-200	-300

Employment and Payroll by Industry
Fairbanks, 1985



Employment

Payroll

Gulf Coast

By Neal Fried

Kenai-Soldotna: The Central Peninsula
Employment Falls Quickly

The Central Peninsula has one of the most diverse economies in the state. The Peninsula has an active commercial fishery, an oil and gas industry, a large manufacturing and refining sector (based on its hydrocarbon resources), and a strong tourism industry. Regardless of this diversity, the decline in oil revenues is being felt no less on the Central Peninsula than in most other urban areas of the state.

Nineteen-eighty-six brought an end to five years of strong growth on the Central Peninsula. From 1980 to 1985 employment grew by 8.8% per year. In 1986 a reversal of this trend occurred. Employment fell by 1.8% for the first six months of 1986 and probably fell more during the second half of the year. Such a sudden change of events was not expected in 1986 with such a robust economy in 1985.

Like the rest of the state, the Central Peninsula got caught up in the oil revenue boom of the 1980s. Employment in most industries soared from 1980 to 1985. Central Peninsula wage and salary employment grew by almost 3,000 jobs, or 52%. The revenues that supported this boom are now drying up which means the present size of the labor force is too large for the available jobs.

This is because most of the growth which did take place over the past five years came as a result of the state expenditures and not from an expansion in the area's basic industries. Some growth did occur in the tourist industry but to what extent is difficult to measure because no reliable statistics exist.

The lion's share of growth from 1980 to 1985 was in construction; retail trade; services; finance, insurance and real estate; and government. And now all but two of these industries are experiencing losses with the remaining two eventually joining them.

The industry hardest hit has been construction. The Central Peninsula's employment in the construction industry fell by 41% during the first half of 1986. Retail trade's losses came because of income declines and economic uncertainty. Retail sales on the Central Peninsula declined 11% for the first half of 1986.

Employment in the service industry has remained surprisingly

Table 1
Kenai-Soldotna
Nonagricultural Employment

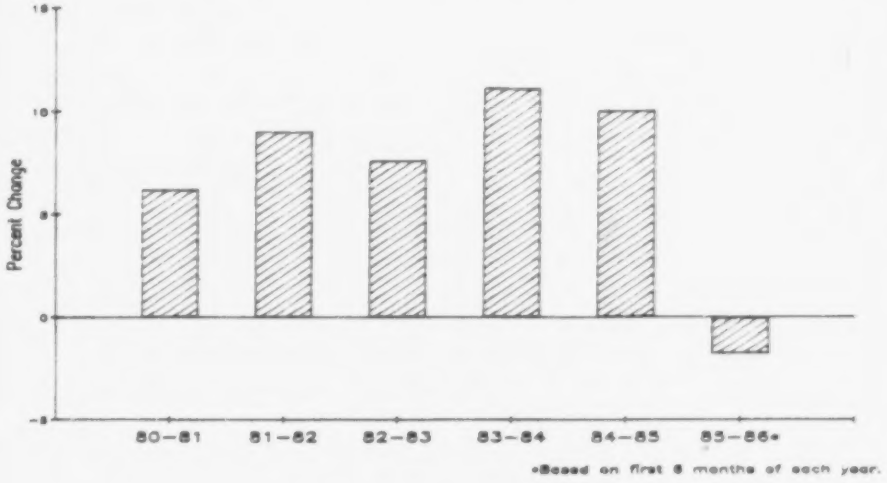
	1985 January-June Average	1986 January-June Average	% change 6-mo.1985-6-mo. 1986
Total	8120	7972	-1.8%
Mining	681	911	33.9%
Construction	956	566	-40.8%
Manufacturing	736	839	14.0%
Food and Kindred Prod.	196	306	56.5%
Trans. Comm. & Utilities	635	474	-25.4%
Trade	1792	1611	-10.1%
Wholesale	329	313	-4.7%
Retail	1464	1298	-11.3%
Finance-Ins. & R.E.	266	295	11.1%
Services & Misc.	1172	1366	16.6%
Government	1885	1910	1.4%
Federal	107	106	-0.9%
State	551	581	5.5%
Local	1228	1224	-0.3%

Table 2
Central Peninsula
Nonagricultural Employment
1980-1985

	1980	1981	1982	1983	1984	1985
Total	5637	5986	6523	7019	7799	8581
Mining	733	718	722	552	620	735
Construction	514	608	675	790	978	1029
Manufacturing	1024	856	924	922	891	1068
Food and Kindred Prod.	536	368	424	403	358	515
Trans. Comm. & Utilities	458	634	632	629	584	602
Trade	911	1017	1083	1262	1631	1823
Wholesale	236	311	283	289	343	325
Retail	675	706	800	973	1288	1499
Finance-Ins. & R.E.	155	177	206	231	265	263
Services & Misc.	688	758	911	1121	1153	1258
Government	1154	1218	1370	1512	1913	1803
Federal	76	74	77	92	100	107
State	323	365	402	456	524	561
Local	755	779	891	964	1053	1134

resilient, partially because of its diverse makeup, but eventually it too will be adversely affected by falling employment and income. According to Table 1, only the local component of government has experienced losses. According to more recent data state government employment on the Peninsula has also fallen. Thus far the declines in government have been small, but much larger declines loom ahead.

Percent Change in Kenai/Soldotna Employment 1980 to 1986



The mining (primarily the oil industry) figures in Table 1 may be somewhat misleading by indicating strong growth in 1986. During the first half of 1986 work on Marathon Oil's new gas platform did boost employment. An accounting change in our records also had the effect of pushing mining figures up. One firm, previously counted only in the statewide figures, is now being counted on the Peninsula. Statistics are not available for the second half of 1986 yet, but plummeting oil prices probably caused employment in this industry to fall—particularly oil service companies operating on the North Slope.

Though fish processing employment indicates declines, the salmon season during the second half of the year was good in Cook Inlet. Prices were high, boosting fishermen's incomes. The fishing industry's picture continues to be good and therefore may be one of the few bright spots on the Central Peninsula.

Tourism also performed relatively well in 1986 because Americans choose domestic travel over foreign travel. What will happen to tourism on the Central Peninsula in 1987 is less clear. Alaska is becoming an increasingly popular spot for out-of-state tourists so this seg-

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/ 12/86	r/ 11/86	12/85	Changes From: 11/86	12/85
Nonag. Wage & Salary	18550	19100	19600	-550	-1050
Mining	850	850	800	0	50
Construction	1100	1300	1850	-200	-750
Manufacturing	2200	2400	1950	-200	250
Food & Kindred Prod.	1550	1750	1300	-200	250
All Other Mfg.	650	650	650	0	0
Trans. Comm. & Utilities	1650	1600	1750	50	-100
Trade	3550	3550	3850	0	-300
Wholesale	450	450	500	0	-50
Retail	3100	3100	3350	0	-250
Finance-Ins. & R.E.	600	650	650	-50	-50
Services & Misc.	3150	3250	3150	-100	0
Government	5450	5500	5600	-50	-150
Federal	550	550	550	0	0
State	1450	1500	1550	-50	-100
Local	3450	3450	3500	0	-50

ment of the trade should continue to grow. The Central Peninsula, however, is also a popular recreation area for Anchorage and other Alaskan residents and a deteriorating economy in Anchorage and elsewhere in the state may mean fewer Alaskan tourists on the Peninsula this year.

The trend of employment declines which began in 1986 will continue into 1987. Industries that began to lose employment in 1986 will continue to do so in 1987 while industries which avoided declines in 1986 will join the losers in 1987. While 1986 was a relatively tough year for the Central Peninsula's economy, 1987 will bring little relief.

Current Trends

Unemployment rates for two of the three areas in the Gulf Coast region increased in December. Valdez-Cordova climbed from 14.2% in November to 16.2% in December and Kodiak climbed from 7.8% to 8.2%. Valdez-Cordova's unemployment rate for December was 2.1 points above year-ago levels which points toward a continued sluggish economy in the area.

Kodiak's unemployment picture over the year actually improved--1.8

points below 1985's level. A busy bottom fishing year may be partially responsible for this improved rate.

The Kenai Peninsula's unemployment rate fell in December, possibly as a result of the Christmas season. The annual unemployment rate of 16.9% for the Peninsula, however, set a record high. The year that came closest to that was 1978, when the Kenai Peninsula's unemployment rate reached 15.4%., a result of the completion of the construction of the Union Oil Collier plant and the Trans-Alaskan Pipeline. This year's record rate was a result of overbuilding in residential and commercial construction and falling oil revenues.

Southeast Alaska

By John Boucher

Southeast Unemployment Higher in 1986

Preliminary annual average unemployment figures for Southeast Alaska place the 1986 unemployment rate at 10.4 percent. This represented a two-tenths of a percentage point increase from the 1985 rate of 10.2 percent, but it was still a significant improvement over the 1984 record level of 12.5 percent unemployed.

While on balance the Southeast region's unemployment was slightly higher in 1986 than in 1985, some census areas had lower unemployment rates in 1986. Of the seven census areas in the Southeast region, four had lower unemployment rates than in 1985. Sitka's unemployment rate improved the most in 1986, falling to 8.5 percent from 9.6 in 1985. The next largest improvement was in the Wrangell-Petersburg census area, where the unemployment rate dropped from 11.2 percent in 1985 to 10.5 percent in 1986. The Skagway-Yakutat-Angoon census areas unemployment rate fell by three-tenths of a percentage point, 13.8 to 13.5, and the Haines Borough dropped one-tenth of a percentage point, 11.6 to 11.5.

While those four areas experienced lower unemployment over the year the remaining three areas had higher unemployment in 1986 than in 1985. Juneau and Prince of Wales-Outer Ketchikan both had eight-tenths of a percentage point increases in their unemployment rate during the year. These were the two largest increases in unemployment rates for 1986. Juneau's unemployment rate went from 8.9 percent to 9.7 percent while Prince of Wales-Outer Ketchikan unemployment rate increased to 14.4 percent from 13.6 percent. In Ketchikan the unemployment rate was two-tenths of a percentage point higher in 1986 than 1985.

Labor Force Trends for 1987

The single most significant factor in predicting the direction that the Southeast Alaska labor force will take during the next year, will be the effect that falling state oil revenues have on the economy. If budget cuts cause large losses in government employment at either the state or local level, the Southeast Alaska unemployment picture will get considerably worse. Gradual declines in employment will also raise the unemployment rate but at a slower rate as out-migration of the unemployed will most likely reduce the labor force below what it otherwise would be.

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

			Changes From:		
	p/ 12/86	r/ 11/86	12/85	11/86	12/85
Nonag. Wage & Salary	26800	27400	27400	-600	-600
Construction	950	1100	1350	-150	-400
Manufacturing	2750	2950	2100	-200	650
Food & Kindred Prod.	400	450	400	-50	0
Lumber & Paper Prod.	2150	2300	1500	-150	650
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	1900	1900	1850	0	50
Trade	4350	4350	4400	0	-50
Wholesale	350	350	350	0	0
Retail	4000	4000	4050	0	-50
Finance-Ins. & R.E.	1100	1100	1100	0	0
Mining, Services & Misc.	4250	4300	4350	-50	-100
Government	11500	11700	12250	-200	-750
Federal	2050	2100	2050	-50	0
State	4900	5000	5350	-100	-450
Local	4550	4600	4850	-50	-300

The current bright spot on the Southeast economic landscape is the manufacturing industry. The improvement in this sector during the past two years has been the most important factor in the drop in unemployment and the revitalization of some Southeast Alaska communities. If the trend toward a rebound in manufacturing continues, it would help to offset the losses that are almost certain to befall the government sector. In short the outlook for 1987 in Southeast Alaska is for increasing unemployment, the extent to which will be dependant upon the fortunes of government and manufacturing employment.

Southeast Alaska
Annual Average Unemployment Rates
1982-1986

	1986	1985	1984	1983	1982
Southeast Region	10.4	10.2	12.5	12.2	11.5
Haines Borough	11.5	11.6	13.3	16.1	14.4
Juneau Borough	9.7	8.9	9.6	9.2	8.3
Ketchikan Gateway Bor.	10.2	10.0	15.0	11.9	12.4
Prince of Wales-Outer Ketchikan	14.4	13.6	15.6	18.2	16.9
Sitka Borough	8.6	9.6	10.1	10.7	12.3
Skagway-Yakutat-Angoon	13.5	13.8	15.2	20.1	13.6
Wrangell-Petersburg	10.5	11.2	16.5	14.7	13.6